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Governor Baldacci Orders Immediate Spending Reductions

AUGUSTA – Governor John E. Baldacci today issued an executive order directing State agencies to cut the rate of spending in the current fiscal year by \$63.1 million.

The order, called a curtailment, will help to ensure that the State finishes the fiscal year with a balanced budget.

The effects of the national recession continue to hurt Maine's economy. State revenues have not met expectations during the current fiscal year, falling roughly \$93 million below budget to date for fiscal year 2010.

Early estimates suggest State revenues for fiscal years 2010-2011 could be under budget by \$400 million or more. The State's Revenue Forecasting Committee meets today to revise its projections. A final report is due by Dec. 1.

"Earlier this year, we passed a bipartisan budget that reduced State spending by \$500 million, making it the first budget in at least 35 years that was less than its predecessor," Governor Baldacci said. "It's clear now that we will have to do even more."

"Today's curtailment is another step to reduce State spending. In December, I will submit budget revisions to the Legislature that will make the additional cuts necessary to keep the budget balanced, as required by Maine's Constitution and law," Governor Baldacci said. "I will not support increased taxes to close the budget gap."

Under State law, the Governor has the authority to reduce spending on programs approved by the Legislature with a curtailment order. The curtailment order is temporary and serves to reduce the rate of spending until a supplemental budget can be passed to address the predicted revenue shortfall. The curtailment order applies only to the current fiscal year.

Like Maine, at least 42 states have had to make additional spending cuts after passing their budgets. Even as the recession has begun to end on the national level, States continue to struggle.

In 2009, States had to close budget gaps of \$72.7 billion dollars. In 2010, the number is already \$113 billion dollars – and growing.

“In Maine, we have a history of fiscal responsibility,” Governor Baldacci said. “During the last six and a half years, Maine has reduced the size of government. We have 1,000 fewer State employees, and we have made important structural changes to stretch dollars. Government is leaner, more efficient and more effective. But we have to do more.”

Governor Baldacci will present a supplemental budget for fiscal years 2010-11 to the Legislature in December. The budget will contain many of the cuts implemented by the curtailment, along with additional changes in statute to further reduce State spending to meet the current revenue downturn.

“The current budget situation requires us to take action immediately. Every day we wait makes the budget cuts more severe and more difficult,” Governor Baldacci said.

The process to identify the curtailments began when State departments and agencies were assigned reduction targets. Each department or agency presented options and program impact analyses to meet the targets. The proposed reductions were evaluated based on a number of factors, including the effects on public health and safety, the extent that the impact could be minimized and whether the proposal, insofar as practicable, followed the intent of the Legislature.

“As we move forward, we will all have to work together for the greater good of the State,” Governor Baldacci said.

Details of the curtailment order can be found at:
www.maine.gov/budget/budgetinfo/2010curtailment.htm

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